



*Building Communities, Investing in Local Government Since 1988*

April 23, 2008

Mr. Robert Grossman  
Group Managing Director  
U. S. Public Finance  
Fitch Ratings  
33 Whitehall Street, 27<sup>th</sup> Floor  
New York, NY 10004

Ms. Gail Sussman  
Group Managing Director  
Public Finance  
Moody's Investors Service  
250 Greenwich Street  
New York, NY 10007

Mr. William Montrone  
Head of U.S. Public Finance Department  
Standard & Poor's  
55 Water Street  
New York, NY 10041

Dear Mr. Grossman, Ms. Sussman and Mr. Montrone,

The current system of assigning credit ratings to bonds issued by governmental entities which provide essential services to the public leads to indefensible market discrimination against state and local municipal issuers. The rating agencies' own studies show that the likelihood of default by municipal borrowers is much lower than for corporate borrowers with similar ratings. Ratings should be based primarily on an evaluation of the likelihood investors will suffer a loss due to default. Unfortunately, for municipal bonds, they are not. This practice costs taxpayers enormous amounts of money that could be invested in public programs and infrastructure.

We respectfully request that Standard & Poor's, Moody's and Fitch take prompt, affirmative action to end the market discrimination caused by your current rating system. Specifically, we request that you create appropriate categories of corporate equivalency

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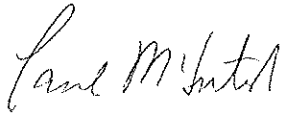


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ratings for municipal bonds. The goal should be the use of a single rating scale, applicable to all bonds you rate (whether municipal, corporate or structured finance) that principally reflects the likelihood of investor loss from a default.

Sincerely,

A handwritten signature in cursive script, appearing to read "Paul McIntosh".

Paul McIntosh  
Chairman  
California Statewide  
Communities Development  
Authority

A handwritten signature in cursive script, appearing to read "Chris McKenzie".

Chris McKenzie  
Vice Chairman  
California Statewide  
Communities Development  
Authority